

**REMARKS**

Applicant has carefully reviewed the final office action mailed March 23, 2006 and offers the following remarks.

Claims 1, 3-12, 15-20, and 23-40 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Kopelman et al. (hereinafter "Kopelman"). Applicant respectfully traverses. To establish *prima facie* obviousness, the Patent Office must show where each and every element of the claim is taught or suggested in the combination of references. MPEP § 2143.03. If the Patent Office is using a single, modified reference to show all the claim elements, the Patent Office must prove that there is a suggestion to modify the single reference. To prove that there is a suggestion to modify the single reference, the Patent Office must do two things. First, the Patent Office must state a motivation to modify the reference, and second, the Patent Office must support the stated motivation with actual evidence. *In re Kotzab*, 271 F.3d 1365, 1370 (Fed. Cir. 2000). If the Patent Office cannot provide actual evidence to support the stated motivation, then the motivation must come from impermissible hindsight, and a rejection based on hindsight is improper. If the Patent Office cannot establish obviousness, the claims are allowable.

Before addressing the obviousness rejection, Applicant provides a brief overview of the invention and the primary reference. The present invention is directed to an electronic marketplace for the buying and selling of digital files. There are specific problems to the buying and selling of digital files and other centralized content. For example, growing Internet congestion, limited bandwidth, and increasing file sizes make it difficult to gain access to digital files. Traditional Internet technologies for distributing content, such as e-mail, streaming media, and FTP have certain disadvantages. In addition, as file sizes increase, distribution becomes more expensive for content providers due to metered pricing of bandwidth. Also, there previously was no efficient payment mechanism for small transactions. Finally, some content providers are unwilling to sell content on the Internet due to a lack of security. The present invention solves these problems by allowing a content owner to post a file on the digital marketplace, providing information about the file, setting a retail price that users will be charged for downloading the file, and setting a reseller commission for the file. A first user then may search for files posted on the digital marketplace for a file to resell. A second user may further search the files posted on the digital marketplace for a file to download to a third party website.

If the second user selects a particular file to download, then the second user is charged the retail price set by the content owner. If the second user downloads the particular file from the third party website, then the first user is paid the reseller commission, and the content owner is provided a payment based on the retail price minus the reseller commission.

In contrast, Kopelman is directed to a method for facilitating the sale of goods, not digital files. The sale of goods is facilitated by an intermediary, or "marketeer." Goods in addition to those listed or registered for sale by sellers at the marketeer's website are presented by the marketeer for browsing by a buyer. The marketeer may also refer the buyer to a third party vendor if the buyer wishes to purchase a good that is not listed for sale with the marketeer. An independent seller may be presented with a menu having options for deriving a sale price for the independent seller's good, each option corresponding to a predetermined method for determining the sale price. Notably, Kopelman is not concerned with the downloading or reselling of digital files of a content owner. Rather, Kopelman's invention is focused on what the marketeer does, which is facilitate the sale of goods from a seller to a buyer, instead of what the content owner does.

Claim 1 recites as one element the step of allowing a content owner to post a file on the marketplace for access by users by providing information about the file, setting a retail price that users will be charged for downloading the file, and setting a reseller commission for the file. First of all, because Kopelman is concerned with facilitating the sale of goods and not the downloading and resale of digital files, Kopelman does not teach or suggest a content owner posting a digital file on the marketplace for access by users, as required by claim 1. The Examiner points to paragraph 0026, lines 6-8, and paragraph 0039 of Kopelman as allegedly teaching this element, but those passages merely disclose a seller registering a book for sale with the marketeer, and the marketeer presenting the good to the buyer for sale at the sale price. Although paragraph 0039 does mention that the marketeer may transmit data to the buyer for displaying the sale price and a description of the good on a video monitor, the passage does not teach or suggest a content owner posting a digital file on the marketplace. Likewise, because Kopelman does not teach or suggest a content owner posting a digital file, Kopelman also does not teach or suggest providing information about the file. The passages cited by the Examiner as allegedly teaching this element disclose providing information about the good for sale. In addition, this information about the good is provided by the marketeer, and not the content

owner, as required by claim 1. Moreover, because Kopelman is not concerned with the downloading or reselling of digital files of a content owner, but rather with facilitating the sale of goods, Kopelman also does not teach or suggest the content owner “setting a retail price that users will be charged for downloading the file.” Paragraph 0025 of Kopelman does disclose setting a price, either by the marketer using an index price, or by the seller via various options. However, this price is for the sale of the good, and not a “retail price that users will be charged for downloading the file”, as required by claim 1.

Additionally, Kopelman does not teach or suggest the content owner setting a reseller commission for the file. The Examiner admits that Kopelman fails to explicitly disclose setting a reseller commission and base the payment to the content owner on the retail price and the set reseller commission, but states it would have been obvious to modify Kopelman to include paying the owner a price minus a reseller commission “because compensating the reseller a set commission for facilitating the transaction would greatly increase the profitability of the digital marketplace.” (Final Office Action mailed March 23, 2006, p. 6). The Examiner also says that one of ordinary skill in the art would have been led to modify Kopelman in view of the fact that Kopelman teaches compensating (which the Examiner equates to reseller commission) the marketplace for facilitating the sale, and that it would have been obvious to include basing the payment to the content owner on the sale price and the reseller commission because the content owner uses the marketplace and must compensate the marketplace (Final Office Action mailed March 23, 2006, pp. 2-3). Applicant notes that this asserted motivation to modify Kopelman is not well-founded. First of all, compensating the marketplace is not necessarily equivalent to setting a reseller commission. That is, Kopelman only discloses that the marketer is compensated (paragraph 0028, lines 26-27); there is no disclosure as to what form the compensation takes. The Patent Office has not provided any proof to support the proposed modification in a manner that would result in the invention as claimed, i.e., the content owner setting a reseller commission.

Most notably, even assuming that it would have been obvious to compensate the marketer based on a reseller commission, a point Applicant does not concede, there is no evidence to support modifying Kopelman in such a way that the content owner is the one setting the reseller commission, as required by the claims of the present invention. Since the Patent Office has not provided the required evidence to support modifying Kopelman to reach the

claimed invention, the motivation is improper, and the modification is improper. Since Kopelman without modification does not establish obviousness, the rejection is improper, and the claims are allowable.

Even if the modification to Kopelman is proper, a point which Applicant does not concede, the modified Kopelman does not establish obviousness. The independent claims recite a marketplace and a reseller. Content owners post files to the marketplace and define the reseller commission for the file (element a). Other users download the files on the marketplace and become resellers (element b). When another user wishes to purchase the file from the reseller, the other user downloads the file from the reseller (element c). In contrast, Kopelman teaches a marketplace and marketeers, but the marketeers never have possession of the goods that they are selling on behalf of the seller. For example, Kopelman explicitly indicates that the marketeers do not have an inventory at paragraph 0028. Since the marketeers never have any inventory, the buyers cannot download from the marketeers in Kopelman. In particular, the buyers in the Kopelman system do not download a digital file for purchase. Thus, the marketeers cannot be the resellers of the claim. Since the marketeers are not the resellers of the claim, and there is no other party within Kopelman that can be construed to be the reseller, Kopelman does not teach or suggest the claim element. In fact, Kopelman's teaching that the marketeers do not have inventory teaches away from the concept of a reseller.

The Patent Office opines that element b is taught by Kopelman paragraph 0020. Applicant traverses this assertion. Paragraph 0020 introduces the concepts of a seller, a marketplace, and an intermediary known as the marketeer. However, as explained above, the marketeer is not a reseller. The marketeer, by Kopelman's own text, merely facilitates the sale and is not a reseller. The Patent Office in its Final Office Action states that Kopelman discloses allowing a buyer to browse content listed on the marketplace and that the marketplace is a reseller of the content owner's goods (Final Office Action mailed March 23, 2006, p. 3, paragraph 4). The Examiner's attempt to equate the marketplace of Kopelman as the reseller of the claimed invention ignores the fact that the reseller of the claims is not the same as the marketplace (see Fig. 1, marketplace 10 and reseller 15, and claims 3, 14, 24, and 34 which recite a separate step of "generating revenue for the digital marketplace by subtracting a transaction fee from the payment made to the content owner"). The Examiner's argument also

ignores the plain language of the claims, which recites “allowing a first user to search for files posted on the digital marketplace for one to resell on a third party website.”

If the Examiner is equating the buyer to the claimed first user, the Examiner’s reasoning is incorrect, because if the buyer of Kopelman is the first user who searches for digital files for one to resell on a third party website, the buyer would have to be paid the reseller commission if that file was downloaded by a second user (see element e). The buyer of Kopelman never receives a reseller commission, so the buyer cannot be the claimed first user. In addition, neither the marketplace nor the marketeer can be the reseller, since neither the marketplace nor the marketeer searches for digital files for one to resell. Therefore, it is clear that Kopelman does not teach or suggest the reselling of the claim. In particular, Kopelman does not teach “allowing a first user to search for files posted on the digital marketplace for one to resell on a third party website.” Accordingly, the claims are allowable.

Claims 2-11, 13-22, 24-32, and 34-40 depend from one of the independent claims and are therefore patentable for at least the same reasons as their respective independent claim. Applicant highlights certain dependent claims as especially noteworthy for having separate reasons for patentability. For example, with respect to claims 5, 16, 25, 30, 35, and 40, Applicant notes that the Examiner takes official notice that several pricing models can be put into practice in any marketplace as being old and well-known and therefore it would have been obvious to modify Kopelman because Kopelman teaches allowing the seller to choose a retail price based on a price index. Even though Kopleman teaches setting a price based on a price index, Kopleman does not teach the various specific pricing options of the claims. Applicant also respectfully submits that although it may be well known that several pricing models exist in a digital marketplace, there is not clear and unmistakable evidence that it is common knowledge to use the specific pricing options in these dependent claims. Applicant especially notes claims 30 and 40, which require that at least six specific pricing models be implemented in the digital marketplace for file downloads. It is certainly not well known to implement at least six specific models for file downloads within a digital marketplace. Therefore, Kopelman, modified or not, does not teach the specific pricing options of claims 5, 16, 25, 30, 35, and 40, and these claims are patentable for this additional reason.

With respect to claims 7, 18, 27, and 37, each of these claims recite a step of “including as the display options showing free files, pay-per-download files, or files listed as resalable.”

The Examiner asserts this step is taught by paragraph 0037, lines 16-19 of Kopelman. The cited passage of Kopelman merely discloses that “[a]ny method of categorizing, cataloging or searching may be used that enables a buyer or potential buyer to find a good for which he is looking or in which he may be interested.” A broad, generic disclosure of using categories, catalogs, or searches to find a good is not a teaching of the specific step of including display options that show which files are free, which ones are pay-per-download, or which files are resalable. Therefore, Kopelman does not teach the claim element, and claims 7, 18, 27, and 37 are patentable for this additional reason.

Claims 11 and 32 recite that the digital marketplace is implemented as a peer-to-peer network. The Examiner asserts that this limitation is taught by paragraph 0014 of Kopelman. This paragraph reads in its entirety: “It is yet another object of the present invention to provide a method for pricing goods for sale by independent sellers.” Obviously, there is no teaching in this paragraph of peer-to-peer networks. Applicant has reviewed the remainder of Kopelman and finds no mention of peer-to-peer networks. Therefore, Kopelman does not teach the claim element, and claims 11 and 32 are patentable for this additional reason.

Claims 2, 13, 14, 21, and 22 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Kopelman in view of Kasriel et al. (hereinafter “Kasriel”). Applicant respectfully traverses. The standards for obviousness are set forth above.

Applicant initially traverses the motivation to combine the references. In the Final Office Action, the Patent Office states that the motivation to combine the references is based on the fact that Kasriel teaches its invention has general applicability and can be used for requesting information from servers and therefore it would have been obvious to modify Kopelman and allow the content owner to monitor download statistics because “it allows the content owner to examine which goods are being sold.” (Final Office Action of March 23, 2006, pp. 3-4). Applicant respectfully submits that the proposed motivation lacks any evidence in proof thereof. Given Kasriel teaches statistics relating to the pre-download of network objects from a server, the Patent Office has not offered any support for how Kopelman would use Kasriel to examine which goods are being sold. In particular, there is no evidence to support why Kopelman would be motivated to look to Kasriel’s teaching of statistics relating to pre-download of network objects from a server. Moreover, since Kasriel teaches statistical information relating to which web pages are most likely to be requested and pre-downloads those web pages in advance of

actual requests for the web pages, there is no evidence that there is a reasonable likelihood of success that the proposed combination of references would result in a system where the content owners could examine which goods are being sold. Since there is no evidence to support the proposed motivation and no evidence that the proposed combination has a reasonable likelihood of success, the combination is improper and should be withdrawn.

Even if the combination is proper, a point Applicant does not concede, the combination does not establish obviousness. As explained above, Kopelman does not teach each and every element of the claims. Nothing in Kasriel cures the deficiencies of Kopelman. Moreover, Kasriel does not teach or suggest download statistics for the file the content owner posted being monitored by the content owner and used by the content owner to change the retail price and the reseller commission for the file in real-time. Applicant notes that the cited passage of Kasriel does indicate that statistics are available. However, these statistics are **pre-download** statistics, not download statistics as recited in the claim. Kasriel defines pre-download at col. 2, lines 56-59 and that definition makes clear that the statistics in col. 4, lines 36-46 are not download statistics as recited in the claims. It is also noteworthy that the pre-download statistics of Kasriel are statistics for which web pages are most likely to be requested and then downloaded in advance of actual requests of those web pages. Therefore, the statistics of Kasriel are not equivalent to the statistics regarding how many times the file posted by the content owner was downloaded. Moreover, even if Kopelman had the pre-download statistics of Kasriel, there is no teaching or suggestion of monitoring those statistics and using them to change the retail price and the reseller commission for the file in real-time. Since the references individually do not teach or suggest the element, the combination does not teach or suggest the element, and the combination does not establish obviousness.

The present application is now in condition for allowance and such action is respectfully requested. The Examiner is encouraged to contact Applicant's representative regarding any remaining issues in an effort to expedite allowance and issuance of the present application.

Respectfully submitted,

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